

## **Long-Term Care Insurance**

As of January 2008, The Prudential Insurance Company of America will be administering the State of Utah Long Term Care Insurance for benefits-eligible state employees and their families. Employee's who are already enrolled in the Aetna Long Term Care Plan will be transferred over to the Prudential Plan (unless they sign a declination) effective 3/1/2008. New hires will be able to enroll in this plan as of 1/1/2008. Existing employees can apply for coverage at any time, but will be subject to underwriting until a new open enrollment period is offered (in 3-5 years).

If you are investing for your future, you may have heard about long-term care (LTC) insurance as a part of a financial planning and asset protection tool that can help you and your family in times of need. This benefit fills the gap of custodial care by paying for home health care, adult day care, assisted living and nursing facility costs should you lose your ability to conduct daily activities or suffer a severe cognitive impairment.

### **Why Long-Term Care?**

Many people spend countless hours on investments, wills and trusts, but those same people often overlook the need for long-term care insurance. Today, people are living longer. And that's good. What is not good is that today's longer life expectancies often mean that there's a greater chance that an individual will need long-term care services at some point in their life - due to either illness, a catastrophic injury or simply growing older. But the cost of such services, whether they are provided in a nursing home, a hospice, or your own home, can quickly deplete your savings.

The statistics speak for themselves. According to a 2000 study of the American Council of Life Insurers, the costs of long-term care services are projected to more than quadruple within the next 30 years. For example, assistance provided by a home health aide, which now costs \$16,000 per year for five visits per week, will cost \$68,000 per year in 2030. And nursing home care, which now averages \$54,900 per year, could inflate to \$190,000 annually. Even the federal government has recently offered LTC insurance to their employees. That's sending a powerful message to Americans to accept the responsibility of planning for their long-term care needs because the federal government will not be able to do so.

### **Five Ways LTC Insurance Can Help Protect Your Family's Future and Security**

**Protect your money, assets and lifestyle** - Long-term care insurance is a smart part of any life or financial plan because it can help you protect your investments, your home, college funds, retirement funds and your 401(k) if you should ever need long-term care. If you are relying on Medicare and Medicaid to pay for your care or that of your parents, be aware of the limitations and restrictions of these programs. Medicare does not cover most long-term care, and Medicaid is available only when your savings and/or assets are virtually depleted.

**Maintain a variety of options and freedom of choice** - With long-term care insurance, you'll have a variety of options available to you regarding where you can receive care – at home, in an assisted living residence, in a nursing home or hospice facility. You won't have the stress of making these difficult choices based on what you can or can't afford, nor will you have to rely on the government for your care.

**Remove the burden from your children** - Independence is important at any age. Long-term insurance can help you and your parents receive the appropriate care without having to rely on family members. Now your children are free to live their lives as they need to, and you and your parents are able to get the care you need on your own.

**Pass along a legacy** - Long-term insurance can help ensure that your money and assets are protected from the cost of long-term care, and can be left to your loved ones, or whomever you decide should benefit from your life's hard work. Besides the financial benefit of your legacy, you'll be passing along the lesson of good planning and independence.

**Peace of mind** - With long-term care coverage in place for you and you can rest easy knowing that LTC insurance can provide care without having all of that care will be provided without having to rely on each other or other family members. Plus, everyone's life savings will be preserved.

### **Debunking the Myths about Long-Term Care**

**Myth #1:** "Long-term care insurance isn't for me. It's only for old people."

**Reality:** Four out of every ten people who require long-term care are under age 65. (Henry J. Kaiser Foundation, 11/99) An accident or illness can instantly create the need for weeks or months of continual medical or personal care services.

**Myth #2:** "I don't need long-term care insurance. I have health insurance. That's enough."

**Reality:** Long-term care (LTC) insurance helps pay for a wide range of personal care, health care and social services for people who can no longer care for themselves. This type of care is **not** covered under health insurance benefits, which are intended to cover acute or treatable care. LTC insurance benefits provide assistance with normal activities of daily living, such as eating, dressing or bathing if you are disabled or have a chronic illness. It will also provide assistance if you have a serious cognitive disorder such as Alzheimer's disease.

**Myth #3:** "I'm not going into a nursing home and long-term care means nursing home care."

**Reality:** With long-term care insurance you choose where you want care: at home, in an adult day care, assisted living facility, in a nursing home or hospice.

**Myth #4:** "The government will take care of my long-term care needs."

**Reality:** Medicaid will take care of you after you have spent down your assets to the poverty level. And care under Medicaid means nursing home care only, and you may not be placed in the nursing home of your choice. In fact, the federal government, recognizing the need, is offering long-term care insurance to all federal employees, more than 20 million people.

**Myth #5:** "Long-term care insurance has nothing to do with financial planning or retirement planning."

**Reality:** Comprehensive financial plans include long-term care because LTC insurance helps protect your assets, providing a pool of money that will help pay for your long-term care. And, nearly all (98%) people who buy long-term care insurance consider it essential to their retirement

planning. (“Making the Retirement Connection”, American Council of Life Insurance, March 2001)

According to financial planners, one of the biggest mistakes investors are making with their nest eggs is failing to consider long-term care needs. Financial planners recommend long-term care insurance. (*The Wall Street Journal*, “Cracks in the Nest Egg,” 10/22/01)

**Myth #6:** “We don’t need long-term care insurance because we have each other.”

**Reality:** According to a major research study, 20-25 million Americans now provide care to chronically ill family members or friends (“The Mature Market in the U.S., LIMRA International, 2001). This care, when prolonged, can produce a great strain on the caregiver – physically, emotionally, and financially. And, if a spouse dies, the survivor is often forced to pay for care and spend down hard-earned assets. By living longer, women are often left without family or friends to care for them, so they must rely on significantly more paid help when they themselves need care. (National Alliance for Caregiving and Brandeis University, 1997; *New England Journal of Medicine*, 11/99)

**Myth #7:** “I eat right, exercise, live healthy and have a great family health history. I’m not going to get sick or need long-term care.”

**Reality:** Illness, injury, or disease can strike at any time. The American Health Care Association says nearly half of all people who live beyond age 65 will need some long-term care. And, people who receive their long-term care in a nursing home stay an average of 2.7 years, spending an average of \$54,900 per year, that is, if they don’t have long-term care insurance. (GE LTC Insurance Survey, 3/02)

### **For more information**

Prudential has an excellent website <https://gltcweb.prudential.com/retail/myportal/GLTC/Home> where you can find information specific to our plan. Once on the website, please enter the following:

Group Name: utahltc

Access Code: urspehp

Please select the State of Utah

If you still have unanswered questions, please contact Prudential at 1-800-732-0416, from Monday through Friday, between 8:00 a.m. and 8:00 p.m. ET. Or email from their website.